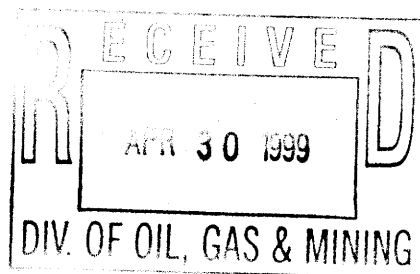




Canyon Fuel Company, LLC
Skyline Mines
 HC 35 Box 380
 Helper, Utah 84526
 (435) 448-6463 Fax: (435) 448-2632



April 29, 1999

Mr. Joseph C. Helfrich
 Coal Regulatory Program
 Utah Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 P.O. Box 145801
 Salt Lake City, Utah 84114-5801

ACT/007/039 #2
 COPY Joe
 99A

RE: Resubmittal of the Dugout Canyon Mine Longwall Modification, ACT/007/039

Dear Mr. Helfrich,

Please find enclosed with this letter five copies of the Longwall Modification to the Dugout Canyon Mine M&RP for resubmittal. Additionally, we have included modifications that are in response to the Division's Technical Analysis date February 23, 1999. Five copies of pages with redline-strikeout text that have been modified have been included as well as five clean copies of the modified pages of text.

I have included below a brief review of the technical analysis and our response to each deficiency.

OPERATION PLAN
 MINING OPERATIONS AND FACILITIES
 COAL RECOVERY (TA pages 1 and 2)

Deficiency:

The author of this portion of the TA cites R645-301-552 requiring the permittee to maximize coal recovery (3rd paragraph page 2). He states that a measured angle of draw for subsidence of 22.5 degrees would seem appropriate for the mine since other mines in the area have experienced subsidence at angles of draw of 22.5 degrees and less. In the following paragraph, the author states that according to R645-301-525.542, the Division is required to assume an angle of draw to be 30 degrees unless the permittee demonstrates that a lesser angle can be used. Therefore, the permittee must use an angle of draw of 30 degrees to determine the extent of subsidence or a lesser angle if it can be demonstrated to be appropriate. The M&RP states an angle of draw of 35 degrees will be used to determine the limit of subsidence.

Response:

Angles of draw within the permit area of the Dugout Canyon Mine have not yet been determined for those areas already mined since no second mining or subsidence has yet occurred. Furthermore, the mine layout essentially maximizes coal recovery based on the longwall equipment capabilities, coal seam thicknesses, coal quality, burned coal areas and outcrop proximity. The original location of the longwall panels were based on the preceding factors, not the angle of draw. Decreasing the angle of draw does not significantly modify the planned panel locations.

Subsidence Control Plan (TA page 2 and 3)

Deficiency:

Item 1. The author states that the Division has concerns about the permittee subsiding areas beneath a perennial stream (Dugout Creek) and existing structures and the location of State appropriated waters.

Response:

The panels planned under Dugout Creek and the surface structures (i.e. water tank, pipelines, explosive magazines, etc.) have been eliminated from the current mine plan due to questionable coal quality. Removal of these panels has been discussed with SITLA and they have agreed to the current mine plan. Mining of these panels may be re-evaluated in the future. At that time, if the decision is to mine the panels, issues related to the subsidence of the stream and structures will be addressed through modification of the M&RP. Please note that mains are still planned for beneath a portion of Dugout Creek. However, subsidence related to second mining of these mains is not planned.

The effect of subsidence on seeps and springs is discussed in Chapter 7 of the approved M&RP. We have not modified this section since the effect of longwall mining related to subsidence has not been proven to be more detrimental than subsidence due to room and pillaring. In fact, it has been suggested that less disruption to seeps and springs is likely to occur with longwall mining. Additionally, the location of surface water, springs and seeps, and water rights within the permit area are illustrated on plates 7-1 and 7-2 of the approved M&RP. It has not been our practice in the past to include water rights on the subsidence map as demonstrated in other existing approved M&RPs.

Deficiency:

Item 2 states that subsidence is projected to occur outside of the permit boundary in the area of monitoring point Sage AZ.

Response:

The mine plan has been re-evaluated and the map corrected to depict the actual extent of subsidence. Subsidence is not anticipated, or illustrated, to occur outside the permit boundary.

Mr. Joseph C. Helfrich
Division of Oil, Gas and Mining
April 29, 1999

Dugout Canyon Mine
Longwall Mining Resubmittal
Page 3

Item 3 is not a deficiency.

Deficiency:

Item 4 states that subsidence monitoring points must be illustrated on Plate 5-7

Response:

The subsidence monitoring points are now illustrated on Plate 5-7.

Deficiency:

Item 5 states that the permittee must show how structures will be protected from subsidence.

Response:

As stated in response to Item 1, no structures will be subsided under the new mine plan.

Deficiency:

Item 6 states that the permittee must describe the anticipated effects of subsidence on Dugout Creek.

Response:

See response to item 1. The panels have been removed from beneath Dugout Creek.

Deficiency:

Item 7 states that the permittee must show how mitigation will be performed for structures damaged by subsidence.

Response:

See response to item 1. No structures will be subsided under the new mine plan.

OPERATION PLAN
MINING OPERATIONS AND FACILITIES
COAL RECOVERY (TA page 4)

Deficiency:

R645-301-522 and R645-301-525.542 - The author states that the permittee must either show how maximum coal recovery can only be accomplished using a 35 degree angle of draw or use a lessor angle of draw.

Response:

See response to initial deficiency on page 1 of this document.

Mr. Joseph C. Helfrich
Division of Oil, Gas and Mining
April 29, 1999

Dugout Canyon Mine
Longwall Mining Resubmittal
Page 4

SUBSIDENCE CONTROL PLAN

Deficiency:

R645-301-525.100 - The author states that the permittee must show locations of structures and State appropriated water supplies potentially impacted by subsidence.

Response:

See response to item 2 found on the second page of this document.

Deficiency:

R645-301-525.440 - The author states that the permittee must show the locations of subsidence monitoring locations.

Response:

See response to item 4.

Deficiency:

R645-301-525.450 - The author states that the permittee must describe the methods used to prevent subsidence damage to structures and renewable resources in the area of subsidence.

Response:

See response to item 1. No structures will be undermined since the panels initially proposed under the water tank, pipelines, and powder magazines have been eliminated in the current mine plan. Mitigation for the loss of spring, seep or stream water has been discussed previously in the Chapter 7 of the approve M&RP.

Deficiency:

R645-301-525.480 - The author states that the permittee will show how damage due to subsidence of structures and renewable resources will mitigated.

Response:

See previous response.

If you have any questions regarding our response to the deficiencies of the February 23, 1999 Technical Analysis, please give me a call. Canyon Fuel Company appreciates your prompt review of this submittal.

Sincerely:



Chris D. Hansen
Environmental Coordinator
Canyon Fuel Company, LLC

APPLICATION FOR PERMIT PROCESSING

Permit Change <input checked="" type="checkbox"/>	New Permit <input type="checkbox"/>	Renewal <input type="checkbox"/>	Transfer <input type="checkbox"/>	Exploration <input type="checkbox"/>	Bond Release <input type="checkbox"/>	Permit Number: ACT/007/039
Title of Proposal: Modification to the Dugout Canyon Mine Permit to allow Longwall Operations						Mine: DUGOUT CANYON
						Permittee: CANYON FUEL CO., LLC

Description, include reason for application and timing required to implement:

CFC is modifying its Dugout Canyon Mine M&RP to allow for Longwall mining.

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation specialist.

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

X Attach 5 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein. (R645-301-123)

REID W. OLSEN
GEN. MGR
 Signed - Name - Position - Date
4/27/99

Subscribed and sworn to before me this 27th day of April, 1999.

Glenna Bullard

Notary Public

My Commission Expires:
 Attest: STATE OF

COUNTY OF

9-15, 192001

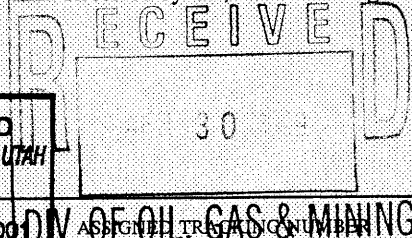
Utah

Carbon



GLENNA BULLARD
 NOTARY PUBLIC • STATE OF UTAH
 750 NORTH 300 EAST
 PRICE, UTAH 84501
 COMM. EXP. 9-15-2001

Received by Oil, Gas & Mining



Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?